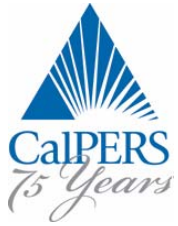


Update on Implementation of Regional Pricing for Contracting Agencies

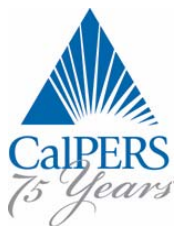
Health Benefits Committee

May 15, 2007



Overview of Presentation

1. Impact on agency retention
2. Annual Regional Review
3. Results



Impact on Agency Retention

New and Terminating Agencies, July 1, 2004 through December 31, 2006

		Bay Area/ Sac	LA Area	Other Southern	Other Northern	Total
New Agencies	# Agencies	26	2	11	8	47
	TCLs*	7,607	3,549	1,726	3,647	16,529
Terminating Agencies	# Agencies	18	2	2	8	30
	TCLs	3,827	1,261	986	852	6,926
Net Change	# Agencies	8	0	9	0	17
	TCLs	3,780	2,288	740	2,795	9,603

* Includes new groups from existing agencies.

Source: CalPERS Public Agency Contracts



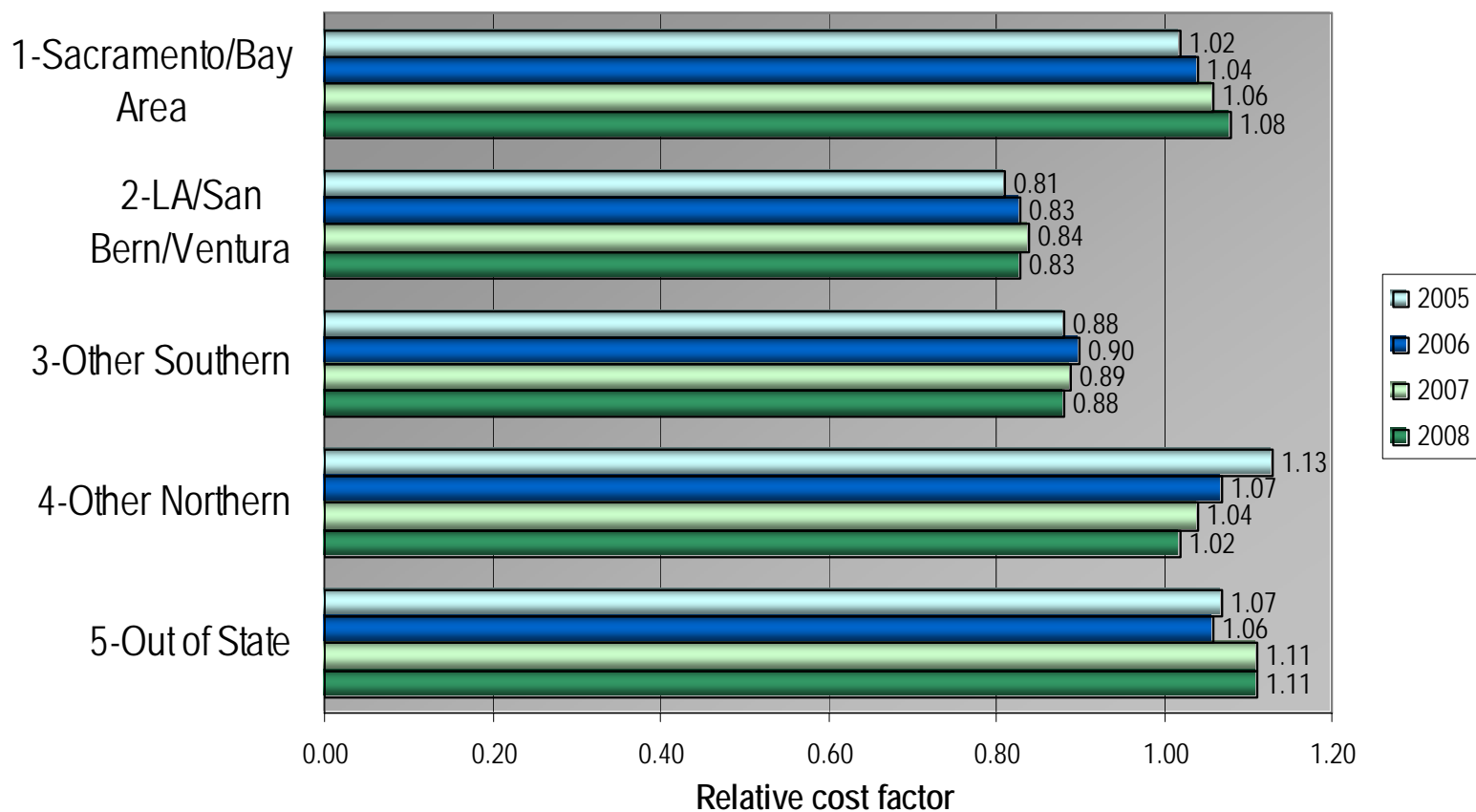
Annual Regional Review

- CalPERS staff applied the relative cost adjustment methodology developed in 2004 by Milliman to our most current data.
- Staff found no statistically valid changes in county and regional cost factors or populations.
- Mercer validated CalPERS application of the Milliman methodology and our results, finding that:
 - CalPERS analysis is complete and accurate.
 - 2007 regions, and county regional assignments are reasonable for 2008.

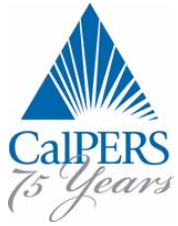


Annual Regional Review

Region Composite Relative Cost Factors, 2005-2008



Source: CalPERS claims and enrollment data.



Results

Based on:

- our analysis, and
- Mercer's validation of our work,

the current regions and county regional assignments are valid for 2008.